

**§ 886.101 Applicability.**

(a) The policies and procedures of this subpart apply to Housing Assistance Payments under Section 8 of the United States Housing Act of 1937 on behalf of Eligible Families in Eligible Projects (see definitions in § 886.102).

(b) The primary goal of the Section 8 Loan Management Set-Aside Program is to reduce claims on the Department's insurance fund by aiding those FHA-insured or Secretary-Held projects with immediately or potentially serious financial difficulties. A first priority should be given to projects with presently serious financial problems, which are likely to result in a claim on the insurance fund in the near future. To the extent resources remain available, assistance also may be provided to projects with potentially serious financial problems which, on the basis of financial and/or management analysis, appear to have a high probability of producing a claim on the insurance fund within approximately the next five years.

[42 FR 5603, Jan. 28, 1977, as amended at 53 FR 3368, Feb. 5, 1988]

**§ 886.102 Definitions.**

The terms *Fair Market Rent (FMR)*, *HUD*, *Public Housing Agency (PHA)*, and *Secretary* are defined in 24 CFR part 5.

*Act.* The United States Housing Act of 1937.

*Annual Income.* As defined in part 813 of this chapter.

*Contract* (See *Section 8 Contract*).

*Contract Rent.* The rent payable to the Owner as required by HUD in connection with its mortgage insurance and/or lending functions, including the portion of the rent payable by the Family, not to exceed the amount stated in the Section 8 Contract as such amount may be adjusted in accordance with § 886.112. In the case of a cooperative, the term "Contract Rent" means charges under the occupancy agreements between the members and the cooperative.

*Decent, Safe, and Sanitary.* Housing is decent, safe, and sanitary if it meets the physical condition requirements in 24 CFR part 5, subpart G.

*Eligible Project.* Any existing subsidized or unsubsidized multifamily

residential project that is subject to a mortgage insured or any section of the National Housing Act; any such project subject to a mortgage that has been assigned to the Secretary; any such project acquired by the Secretary and thereafter sold under a Secretary-held purchase money mortgage; or a project for the elderly financed under section 202 of the Housing Act of 1959 (except projects receiving assistance under 24 CFR part 885).

*Family (eligible family).* As defined in part 812 of this chapter.

*Gross Rent.* As defined in part 813 of this chapter.

*HCD Act.* The Housing and Community Development Act of 1974.

*Housing Assistance Payment.* The payment made by HUD to the Owner of an assisted unit as provided in the Contract. Where the unit is leased to an eligible Family, the payment is the difference between the Contract Rent and the Tenant Rent. An additional Housing Assistance Payment is made when the Utility Allowance is greater than the Total Tenant Payment. A Housing Assistance Payment may be made to the Owner when a unit is vacant, in accordance with § 886.109.

*Income.* Income from all sources of each member of the household as determined in accordance with criteria established by HUD.

*Lease.* A written agreement between the owner and a family for leasing of a decent, safe and sanitary dwelling unit to the family.

*Low-income Family.* As defined in part 813 of this chapter.

*Owner.* The mortgagor of record under a multifamily project mortgage insured, or held by the Secretary, including purchase money mortgages; the owner of a Section 202 project.

*Project.* See § 886.101.

*Project Account.* The account established and maintained in accordance with § 886.108.

*Section 8 Contract ("Contract").* A written Contract between the Owner of an Eligible Project and HUD for providing Housing Assistance Payments to the Owner on behalf of Eligible Families pursuant to this part.

*Subsidized Rent.* In Section 221(d)(3) BMIR, Section 202, or Section 236 projects, the rent payable to the